



Testimony

HB 5013

An Act Concerning the Board Members of the Connecticut Health Insurance Exchange

**Insurance and Real Estate Committee
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Thank you for this opportunity to provide testimony regarding proposed legislation to improve the governance and operation of the Health Insurance Exchange in Connecticut. My name is Jill Zorn and I am senior program officer at Universal Health Care Foundation of Connecticut, an independent non-profit foundation dedicated to achieving access to high quality, affordable health care for everyone in our state.

The Exchange is envisioned to be an efficient and competitive marketplace where individuals and small businesses can purchase quality, affordable health insurance. The legislation passed in 2011 to establish the Exchange was intended to assure that the people the Exchange is designed to serve, consumers and small businesses, were well-represented on the Board. It also included strong conflict of interest provisions to guard against the undue influence of vested interests. In practice the appointments to the Exchange Board and its operation have not lived up to the intent of the legislation. We commend the effort to make improvements. However, the bill, as written, falls short of what is needed.

Consumers and small employers who understand the needs of the future customers of the Exchange need better representation on the Board. As proposed in HB 5013, appointing one small employer, one patient representative and making the Health Care Advocate a voting member of the Board is a good start. However, these appointments would be insufficient to balance out the current composition of the Board. We applaud making the Health Care Advocate a voting member, but we recommend that any legislation add a total of four new members - two consumers and two small business representatives. The legislation must be written to assure these four new members truly represent the future customers of the Exchange.

Furthermore, we have serious concerns about the timing of the proposed addition of new consumer-focused members to the Exchange Board. The Board faces many complex and

difficult decisions, as illustrated by the lengthy report submitted by Mercer in January. By July 1, 2012, the Board will have already made many of those decisions. Therefore, any new Board members must be added as soon as possible, preferably before the March Board meeting.

To insure that public trust is restored in the Exchange, stronger conflict of interest provisions are also needed. Revolving door language should be added to assure that the CEO hired to run the Exchange did not recently leave the employment of an insurance company that might compete in the Exchange.

Contracting decisions must also be better protected from conflict of interest. For example, the Mercer report includes a suggestion to contract out the operation of the SHOP Exchange, the part of the Exchange that will serve small employers, to the Connecticut Business and Industry Association (CBIA). CBIA currently operates the Health Connections program which offers a variety of health insurance options to small employers. Therefore, this recommendation by Mercer is rife with conflict of interest concerns, including:

- CBIA's Health Connections program will be in direct competition with the SHOP Exchange. It is unclear how CBIA could manage this conflict, given that the Health Connections program raises significant revenue as well as requires payment of dues to join CBIA.
- CBIA lobbies on behalf of the state's private sector health care industry and has consistently opposed non-profit or public alternatives to private insurance. Yet the Exchange will be asked to consider a variety of new entrants into the insurance market including non-profit or even public plans.
- The CEOs of UnitedHealthcare of New England and ConnectiCare were appointed to CBIA's Board of Directors at the end of 2010 to serve four year terms. ConnectiCare and UnitedHealthcare are the two remaining health insurance options that are offered in CBIA's Health Connections program.

In addition, the Board's current practice is to discuss contracting decisions behind closed doors. The public does not know if Board members are recusing themselves or are identifying actual or perceived conflicts when voting on contract awards. This lack of transparency regarding Board decision-making is troubling. The public needs reassurance that members of the Board are recusing themselves from votes where they may have longstanding professional or financial ties to a contractor.

The Health Insurance Exchange is a crucial building block in health reform for Connecticut. Connecticut must get it right in 2012. Early in 2013 the federal government will determine whether the state will be ready to open the exchange for business later that year. Consumers buying insurance on their own and small employers have had to pay higher rates for worse coverage for many years. They are relying on a Health Insurance Exchange that will value their interests first and truly serve their needs. Please move quickly to pass legislation that will improve consumer representation and guard against special interests dominating the Exchange.